

2 **SHB 2105** - S COMM AMD

3 By Committee on Natural Resources, Parks & Shorelines

4 NOT ADOPTED 04/11/01

5 Strike everything after the enacting clause and insert the
6 following:

7 "**Sec. 1.** RCW 76.13.110 and 2000 c 11 s 12 are each amended to read
8 as follows:

9 (1) The department of natural resources shall establish and
10 maintain a small forest landowner office. The small forest landowner
11 office shall be a resource and focal point for small forest landowner
12 concerns and policies, and shall have significant expertise regarding
13 the management of small forest holdings, governmental programs
14 applicable to such holdings, and the forestry riparian easement
15 program.

16 (2) The small forest landowner office shall administer the
17 provisions of the forestry riparian easement program created under RCW
18 76.13.120. With respect to that program, the office shall have the
19 authority to contract with private consultants that the office finds
20 qualified to perform timber cruises of forestry riparian easements or
21 to lay out streamside buffers and comply with other forest and fish
22 regulatory requirements related to the forest riparian easement
23 program.

24 (3) The small forest landowner office shall assist in the
25 development of small landowner options through alternate management
26 plans or alternate harvest restrictions appropriate to small
27 landowners. The small forest landowner office shall develop criteria
28 to be adopted by the forest practices board in rules and a manual for
29 alternate management plans or alternate harvest restrictions. These
30 alternate plans or alternate harvest restrictions shall meet riparian
31 functions while requiring less costly regulatory prescriptions. At the
32 landowner's option, alternate plans or alternate harvest restrictions
33 may be used to further meet riparian functions.

34 The small forest landowner office shall evaluate the cumulative
35 impact of such alternate management plans or alternate harvest
36 restrictions on essential riparian functions at the subbasin or

1 watershed level. The small forest landowner office shall adjust future
2 alternate management plans or alternate harvest restrictions in a
3 manner that will minimize the negative impacts on essential riparian
4 functions within a subbasin or watershed.

5 (4) An advisory committee is established to assist the small forest
6 landowner office in developing policy and recommending rules to the
7 forest practices board. The advisory committee shall consist of seven
8 members, including a representative from the department of ecology, the
9 department of fish and wildlife, and a tribal representative. Four
10 additional committee members shall be small forest landowners who shall
11 be appointed by the commissioner of public lands from a list of
12 candidates submitted by the board of directors of the Washington farm
13 forestry association or its successor organization. The association
14 shall submit more than one candidate for each position. Appointees
15 shall serve for a term of four years. The small forest landowner
16 office shall review draft rules or rule concepts with the committee
17 prior to recommending such rules to the forest practices board. The
18 office shall reimburse nongovernmental committee members for reasonable
19 expenses associated with attending committee meetings as provided in
20 RCW 43.03.050 and 43.03.060.

21 (5) By December 1, (~~2000~~) 2002, the small forest landowner office
22 shall provide a report to the board and the legislature containing:

23 (a) Estimates of the amounts of nonindustrial forests and woodlands
24 in holdings of twenty acres or less, twenty-one to one hundred acres,
25 one hundred to one thousand acres, and one thousand to five thousand
26 acres, in western Washington and eastern Washington, and the number of
27 persons having total nonindustrial forest and woodland holdings in
28 those size ranges;

29 (b) Estimates of the number of parcels of nonindustrial forests and
30 woodlands held in contiguous ownerships of twenty acres or less, and
31 the percentages of those parcels containing improvements used: (i) As
32 primary residences for half or more of most years; (ii) as vacation
33 homes or other temporary residences for less than half of most years;
34 and (iii) for other uses;

35 (c) The watershed administrative units in which significant
36 portions of the riparian areas or total land area are nonindustrial
37 forests and woodlands;

38 (d) Estimates of the number of forest practices applications and
39 notifications filed per year for forest road construction,

1 silvicultural activities to enhance timber growth, timber harvest not
2 associated with conversion to nonforest land uses, with estimates of
3 the number of acres of nonindustrial forests and woodlands on which
4 forest practices are conducted under those applications and
5 notifications; and

6 (e) Recommendations on ways the board and the legislature could
7 provide more effective incentives to encourage continued management of
8 nonindustrial forests and woodlands for forestry uses in ways that
9 better protect salmon, other fish and wildlife, water quality, and
10 other environmental values.

11 (6) By December 1, ((2002)) 2004, and every four years thereafter,
12 the small forest landowner office shall provide to the board and the
13 legislature an update of the report described in subsection (5) of this
14 section, containing more recent information and describing:

15 (a) Trends in the items estimated under subsection (5)(a) through
16 (d) of this section;

17 (b) Whether, how, and to what extent the forest practices act and
18 rules contributed to those trends; and

19 (c) Whether, how, and to what extent: (i) The board and
20 legislature implemented recommendations made in the previous report;
21 and (ii) implementation of or failure to implement those
22 recommendations affected those trends.

23 **Sec. 2.** RCW 76.13.120 and 2000 c 11 s 13 are each amended to read
24 as follows:

25 (1) The legislature finds that the state should acquire easements
26 along riparian and other sensitive aquatic areas from small forest
27 landowners willing to sell or donate such easements to the state
28 provided that the state will not be required to acquire such easements
29 if they are subject to unacceptable liabilities. The legislature
30 therefore establishes a forestry riparian easement program.

31 (2) The definitions in this subsection apply throughout this
32 section and RCW 76.13.100 and 76.13.110 unless the context clearly
33 requires otherwise.

34 (a) "Forestry riparian easement" means an easement covering
35 qualifying timber granted voluntarily to the state by a small forest
36 landowner.

37 (b) "Qualifying timber" means those trees covered by a forest
38 practices application that the small forest landowner is required to

1 leave unharvested under the rules adopted under RCW 76.09.055 and
2 76.09.370 or that is made uneconomic to harvest by those rules, and for
3 which the small landowner is willing to grant the state a forestry
4 riparian easement. "Qualifying timber" is timber within or bordering
5 a commercially reasonable harvest unit as determined under rules
6 adopted by the forest practices board, or timber for which an approved
7 forest practices application for timber harvest cannot be obtained
8 because of restrictions under the forest practices rules.

9 (c) "Small forest landowner" means a landowner meeting all of the
10 following characteristics: (i) A forest landowner as defined in RCW
11 76.09.020 whose interest in the land and timber is in fee or who has
12 rights to the timber to be included in the forestry riparian easement
13 that extend at least fifty years from the date the forest practices
14 application associated with the easement is submitted; (ii) an entity
15 that has harvested from its own lands in this state during the three
16 years prior to the year of application an average timber volume that
17 would qualify the owner as a small timber harvester under RCW
18 84.33.073(1); and (iii) an entity that certifies at the time of
19 application that it does not expect to harvest from its own lands more
20 than the volume allowed by RCW 84.33.073(1) during the ten years
21 following application. If a landowner's prior three-year average
22 harvest exceeds the limit of RCW 84.33.073(1), or the landowner expects
23 to exceed this limit during the ten years following application, and
24 that landowner establishes to the department of natural resources'
25 reasonable satisfaction that the harvest limits were or will be
26 exceeded to raise funds to pay estate taxes or equally compelling and
27 unexpected obligations such as court-ordered judgments or extraordinary
28 medical expenses, the landowner shall be deemed to be a small forest
29 landowner.

30 For purposes of determining whether a person qualifies as a small
31 forest landowner, the small forest landowner office, created in RCW
32 76.13.110, shall evaluate the landowner under this definition as of the
33 date that the forest practices application is submitted or the date the
34 landowner notifies the department that the harvest is to begin with
35 which the forestry riparian easement is associated. A small forest
36 landowner can include an individual, partnership, corporate, or other
37 nongovernmental legal entity. If a landowner grants timber rights to
38 another entity for less than five years, the landowner may still
39 qualify as a small forest landowner under this section. If a landowner

1 is unable to obtain an approved forest practices application for timber
2 harvest for any of his or her land because of restrictions under the
3 forest practices rules, the landowner may still qualify as a small
4 forest landowner under this section.

5 (d) "Completion of harvest" means that the trees have been
6 harvested from an area and that further entry into that area by
7 mechanized logging or slash treating equipment is not expected.

8 (3) The department of natural resources is authorized and directed
9 to accept and hold in the name of the state of Washington forestry
10 riparian easements granted by small forest landowners covering
11 qualifying timber and to pay compensation to such landowners in
12 accordance with subsections (6) and (7) of this section. The
13 department of natural resources may not transfer the easements to any
14 entity other than another state agency.

15 (4) Forestry riparian easements shall be effective for fifty years
16 from the date the forest practices application associated with the
17 qualifying timber is submitted to the department of natural resources,
18 unless the easement is terminated earlier by the department of natural
19 resources voluntarily, based on a determination that termination is in
20 the best interest of the state, or under the terms of a termination
21 clause in the easement.

22 (5) Forestry riparian easements shall be restrictive only, and
23 shall preserve all lawful uses of the easement premises by the
24 landowner that are consistent with the terms of the easement and the
25 requirement to protect riparian functions during the term of the
26 easement, subject to the restriction that the leave trees required by
27 the rules to be left on the easement premises may not be cut during the
28 term of the easement. No right of public access to or across, or any
29 public use of the easement premises is created by this statute or by
30 the easement. Forestry riparian easements shall not be deemed to
31 trigger the compensating tax of or otherwise disqualify land from being
32 taxed under chapter 84.33 or 84.34 RCW.

33 (6) Upon application of a small forest landowner for a riparian
34 easement that is associated with a forest practices application and the
35 landowner's marking of the qualifying timber on the qualifying lands,
36 the small forest landowner office shall determine the compensation to
37 be offered to the small forest landowner as provided for in this
38 section. The small forest landowner office shall also determine the
39 compensation to be offered to a small forest landowner for qualifying

1 timber for which an approved forest practices application for timber
2 harvest cannot be obtained because of restrictions under the forest
3 practices rules. The legislature recognizes that there is not readily
4 available market transaction evidence of value for easements of this
5 nature, and thus establishes the following methodology to ascertain the
6 value for forestry riparian easements. Values so determined shall not
7 be considered competent evidence of value for any other purpose.

8 The small forest landowner office shall establish the volume of the
9 qualifying timber. Based on that volume and using data obtained or
10 maintained by the department of revenue under RCW 84.33.074 and
11 84.33.091, the small forest landowner office shall attempt to determine
12 the fair market value of the qualifying timber as of the date the
13 forest practices application associated with the qualifying timber was
14 submitted. If, under the forest practices rules adopted under chapter
15 4, Laws of 1999 sp. sess., some qualifying timber may be removed prior
16 to the expiration of the fifty-year term of the easement, the small
17 forest landowner office shall apply a reduced compensation factor to
18 ascertain the value of those trees based on the proportional economic
19 value, considering income and growth, lost to the landowner.

20 (7) Except as provided in subsection (8) of this section, the small
21 forest landowner office shall, subject to available funding, offer
22 compensation to the small forest landowner in the amount of fifty
23 percent of the value determined in subsection (6) of this section, plus
24 the compliance costs as determined in accordance with section 3 of this
25 act. If the landowner accepts the offer for qualifying timber that
26 will be harvested pursuant to an approved forest practices application,
27 the department of natural resources shall pay the compensation promptly
28 upon (a) completion of harvest in the area covered by the forestry
29 riparian easement; (b) verification that there has been compliance with
30 the rules requiring leave trees in the easement area; and (c) execution
31 and delivery of the easement to the department of natural resources.
32 If the landowner accepts the offer for qualifying timber for which an
33 approved forest practices application for timber harvest cannot be
34 obtained because of restrictions under the forest practices rules, the
35 department of natural resources shall pay the compensation promptly
36 upon (i) verification that there has been compliance with the rules
37 requiring leave trees in the easement area; and (ii) execution and
38 delivery of the easement to the department of natural resources. Upon

1 donation or payment of compensation, the department of natural
2 resources may record the easement.

3 (8) For approved forest practices applications where the regulatory
4 impact is greater than the average percentage impact for all small
5 landowners as determined by the department of natural resources
6 analysis under the regulatory fairness act, chapter 19.85 RCW, the
7 compensation offered will be increased to one hundred percent for that
8 portion of the regulatory impact that is in excess of the average.
9 Regulatory impact includes trees left in buffers, special management
10 zones, and those rendered uneconomic to harvest by these rules. A
11 separate average or high impact regulatory threshold shall be
12 established for western and eastern Washington. Criteria for these
13 measurements and payments shall be established by the small forest
14 landowner office.

15 (9) The forest practices board shall adopt rules under the
16 administrative procedure act, chapter 34.05 RCW, to implement the
17 forestry riparian easement program, including the following:

18 (a) A standard version or versions of all documents necessary or
19 advisable to create the forestry riparian easements as provided for in
20 this section;

21 (b) Standards for descriptions of the easement premises with a
22 degree of precision that is reasonable in relation to the values
23 involved;

24 (c) Methods and standards for cruises and valuation of forestry
25 riparian easements for purposes of establishing the compensation. The
26 department of natural resources shall perform the timber cruises of
27 forestry riparian easements required under this chapter and chapter
28 76.09 RCW. Any rules concerning the methods and standards for
29 valuations of forestry riparian easements shall apply only to the
30 department of natural resources, small forest landowners, and the small
31 forest landowner office;

32 (d) A method to determine that a forest practices application
33 involves a commercially reasonable harvest, and adopt criteria for
34 entering into a forest riparian easement where a commercially
35 reasonable harvest is not possible or a forest practices application
36 that has been submitted cannot be approved because of restrictions
37 under the forest practices rules;

38 (e) A method to address blowdown of qualified timber falling
39 outside the easement premises;

1 (f) A formula for sharing of proceeds in relation to the
2 acquisition of qualified timber covered by an easement through the
3 exercise or threats of eminent domain by a federal or state agency with
4 eminent domain authority, based on the present value of the department
5 of natural resources' and the landowner's relative interests in the
6 qualified timber;

7 (g) High impact regulatory thresholds;

8 (h) A method to determine timber that is qualifying timber because
9 it is rendered uneconomic to harvest by the rules adopted under RCW
10 76.09.055 and 76.09.370; and

11 (i) A method for internal department of natural resources review of
12 small forest landowner office compensation decisions under subsection
13 (7) of this section.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 76.13 RCW
15 to read as follows:

16 In order to assist small forest landowners to remain economically
17 viable, the legislature intends that the small forest landowners be
18 able to net fifty percent of the value of the trees left in the buffer
19 areas. The amount of compensation offered in RCW 76.13.120 shall also
20 include the compliance costs for participation in the riparian easement
21 program. For purposes of this section, "compliance costs" includes the
22 cost of preparing and recording the easement, and any business and
23 occupation tax and real estate excise tax imposed because of entering
24 into the easement."

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26 By Committee on Natural Resources, Parks & Shorelines

27 NOT ADOPTED 04/11/01

28 On page 1, line 1 of the title, after "landowners;" strike the
29 remainder of the title and insert "amending RCW 76.13.110 and
30 76.13.120; and adding a new section to chapter 76.13 RCW."

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